

Q-A-Q-R
CORRECTED

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RECEIVED
KANSAS CORPORATION COMMISSION

OWST

For KCC Use:
Effective Date: 8-28-2010
District #: 3
SGA? Yes No

KANSAS CORPORATION COMMISSION
OIL & GAS CONSERVATION DIVISION
JUL 23 2010

Form C-1
March 2010
Form must be Typed
Form must be Signed
All blanks must be Filled

NOTICE OF INTENT TO DRILL LEGAL SECTION

Must be approved by KCC five (5) days prior to commencing well
Form KSONA-1, Certification of Compliance with the Kansas Surface Owner Notification Act, MUST be submitted with this form.

Expected Spud Date: 8 month 1 day 2010 year

OPERATOR: License# 34027
Name: CEP MID CONTINENT LLC
Address 1: 15 WEST 6TH ST SUITE 1100
Address 2:
City: TULSA State: OK Zip: 74119
Contact Person: VICKIE HARTER
Phone: 918-877-2923

CONTRACTOR: License# 33832
Name: PENSE BROS. DRILLING CO

Well Drilled For: Oil Gas Enh Rec Storage Disposal Seismic; # of Holes Other: SIDETRACK IN THE RIVERTON

Well Class: Infield Pool Ext. Wildcat Other

Type Equipment: Mud Rotary Air Rotary Cable

If OWWO: old well information as follows: sidetrack

Operator: CEP Mid-Continent LLC
Well Name: Knistley 32-1
Original Completion Date: 5/15/10 Original Total Depth: 1130

* Directional, Deviated or Horizontal wellbore? Yes No
If Yes, true vertical depth: 1025
Bottom Hole Location: 1843 FNL 2507 FWL 32-32-17E
KCC DKT #: 11-CONS-018-CHDR

* WAS: NE-SW-NW-NW
IS: NW-SE NW-NW

Spot Description: *NW SE NW NW Sec. 32 Twp. 32 S. R. 17 E W
843 feet from N / S Line of Section
775 feet from E / W Line of Section

Is SECTION: Regular Irregular?
(Note: Locate well on the Section Plat on reverse side)

County: MONTGOMERY
Lease Name: KNISLEY Well #: 32-1
Field Name: CHEROKEE BASIN COAL AREA

Is this a Prorated / Spaced Field? Yes No
Target Formation(s): RIVERTON

Nearest Lease or unit boundary line (in footage): 425
Ground Surface Elevation: 831 feet MSL

Water well within one-quarter mile: Yes No
Public water supply well within one mile: Yes No

Depth to bottom of fresh water: 70
Depth to bottom of usable water: 150

Surface Pipe by Alternate: I II
Length of Surface Pipe ~~Planned to be set~~: SURFACE ALREADY SET AT 188

Length of Conductor Pipe (if any):
Projected Total Depth: MD 2960
Formation at Total Depth: RIVERTON

Water Source for Drilling Operations:
 Well Farm Pond Other:
DWR Permit #:

(Note: Apply for Permit with DWR)
Will Cores be taken? Yes No
If Yes, proposed zone:

AFFIDAVIT

The undersigned hereby affirms that the drilling, completion and eventual plugging of this well will comply with K.S.A. 55 et. seq.

It is agreed that the following minimum requirements will be met:

1. Notify the appropriate district office **prior** to spudding of well;
2. A copy of the approved notice of intent to drill **shall be** posted on each drilling rig;
3. The minimum amount of surface pipe as specified below **shall be set** by circulating cement to the top; in all cases surface pipe **shall be set** through all unconsolidated materials plus a minimum of 20 feet into the underlying formation.
4. If the well is dry hole, an agreement between the operator and the district office on plug length and placement is necessary **prior to plugging**;
5. The appropriate district office will be notified before well is either plugged or production casing is cemented in;
6. If an ALTERNATE II COMPLETION, production pipe shall be cemented from below any usable water to surface within **120 DAYS** of spud date. Or pursuant to Appendix "B" - Eastern Kansas surface casing order #133,891-C, which applies to the KCC District 3 area, alternate II cementing must be completed within 30 days of the spud date or the well shall be plugged. **In all cases, NOTIFY district office** prior to any cementing.

I hereby certify that the statements made herein are true and to the best of my knowledge and belief.

Date: 7-16-2010 Signature of Operator or Agent: Sealed F. Rangan Title: V.P. OPERATIONS

For KCC Use ONLY
API # 15 - 125-31920-01-00
Conductor pipe required None feet
Minimum surface pipe required 188 feet per ALT. I II
Approved by: RWH 8-23-2010 / RWH 8-24-2010
This authorization expires:
(This authorization void if drilling not started within 12 months of approval date.)
Spud date: _____ Agent: _____

Remember to:

- File Certification of Compliance with the Kansas Surface Owner Notification Act (KSONA-1) with Intent to Drill;
- File Drill Pit Application (form CDP-1) with Intent to Drill;
- File Completion Form ACO-1 within 120 days of spud date;
- File acreage attribution plat according to field proration orders;
- Notify appropriate district office 48 hours prior to workover or re-entry;
- Submit plugging report (CP-4) after plugging is completed (within 60 days);
- Obtain written approval before disposing or injecting salt water.
- If well will not be drilled or permit has expired (See: authorized expiration date) please check the box below and return to the address below.

Well will not be drilled or Permit Expired Date: _____
Signature of Operator or Agent:

Mail to: KCC - Conservation Division,
130 S. Market - Room 2078, Wichita, Kansas 67202

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